

H.R. 8427

CENTRAL INTELLIGENCE AGENCY

RETIREMENT ACT OF 1963 FOR CERTAIN EMPLOYEES

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**MEMORANDUM**

**SUBJECT: Retirement Legislation**

1. H. R. 8427, the "Central Intelligence Agency Retirement Act of 1963 for Certain Employees," is a clean bill reported unanimously by the House Committee on Armed Services and passed by the House of Representatives on October 30, 1963.

2. During the hearings before the House Rules Committee for a rule to bring the bill to the floor of the House of Representatives for consideration, a question was raised concerning the absence of statutory guidelines both to assist and to limit the Director in the selection of employees for coverage under the program. This very point had been discussed in the House Armed Services Committee and they decided they had received sufficient assurances as to the types of people to be covered, that statutory guidelines were not necessary. However, with the point being raised in the Rules Committee an amendment was drawn agreeable with the Armed Services Committee and the Rules Committee which encompassed in a general way the types of cases which were actually discussed in executive session but which would still furnish some statutory guidance. The amendment specifies that the Director may designate employees whose duties are determined by him "to be (i) in support of Agency activities abroad hazardous to life or health or (ii) so specialized because of security requirements as to be clearly distinguishable from normal government employment."

3. A second amendment which relates to approval of implementing rules and regulations by the Chairman and ranking minority member of the Armed Services Committees of the Senate and House, was also adopted on the floor of the House. As this amendment will cause some difficulty within the Executive Branch it will be discussed with the Senate Armed Services Committee prior to Senate floor action.

4. The purpose of H. R. 8427 is to afford an improved retirement system for a portion of the employees of CIA by authorizing the establishment of a retirement system corresponding to that of the Foreign Service. Only those career employees whose work is primarily

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oriented toward the conduct and support of intelligence activities abroad or whose duties are so specialized because of security requirements as to clearly distinguish them from normal Government employees are to be covered under the system. It is estimated that approximately 30 per cent of the total Agency employees will be included in this grouping. The remainder of Agency employees will continue under normal Civil Service Retirement coverage as are all Agency employees at the present time.

5. The Agency has found it increasingly necessary to impose manpower controls to ensure appropriate alignment as to age, qualifications, and other characteristics of its employees engaged in the conduct or support of foreign intelligence operations. Insofar as possible, imbalances should be and are corrected by the reassignment of officers who cannot, or should not, continue in such work to other fields of work in the Agency. However, a program of managed attrition is feasible only if it is linked to a system of retirement benefits providing fair annuities to those who have earned early retirement.

6. Recognizing the difficulties in developing an entirely new retirement system, the Agency determined that the Foreign Service Retirement System fulfills Agency requirements and is appropriate for those Agency employees for whom this early retirement coverage is desired. Thus, there is full legislative precedent and substantive provisions relating to benefits are identical to those existing for the Foreign Service.

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7. Under the proposed bill, an employee can voluntarily retire at age 50 and receive the full annuity which he has earned providing he has a minimum of 20 years' service; however, such retirement is subject to approval by the Director of Central Intelligence. Retirement at age 50 with 20 years' service is one of the key features of the Foreign Service System and is the same as in Civil Service Retirement authority for FBI, Customs Service, and others whose duties relate primarily to

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the investigation, apprehension or detention of persons suspected or convicted of criminal offenses under Federal law.

8. An immediate annuity based on total period of service is provided for the employee in grade GS-14 or higher who is retired involuntarily provided he has a minimum of 10 years' service with the Agency, 5 years or more of which is service qualifying for the retirement program. GS-14's and above who are not eligible for an immediate annuity and GS-13's or below who are retired involuntarily will receive a separation payment equivalent to one month's salary for each year of service and may obtain a refund of retirement withholdings. If otherwise eligible for a deferred annuity at age 60, they may leave the retirement withholdings to their credit toward a deferred annuity. Disability retirement benefits provided in the bill are substantially the same as for Civil Service.

9. The principal differences between the proposed retirement system and Civil Service are outlined in the enclosed chart: "Comparison of Principal Provisions of the Civil Service, Foreign Service, and Proposed CIA Retirement Systems."

10. For security reasons, the retirement system will be administered internally within the Central Intelligence Agency. In keeping with other existent legislation, the determinations by the Director under the Act are made final and not subject to judicial review. It is estimated that after a leveling off period of about 5 years the annual cost will be approximately

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COMPARISON OF PRINCIPAL PROVISIONS OF THE CIVIL SERVICE,  
FOREIGN SERVICE, AND PROPOSED CIA RETIREMENT SYSTEMS

PROVISIONS	CIVIL SERVICE	FOREIGN SERVICE & CIA
<u>General</u>		
Employee Contribution	6 1/2% of basic pay	Same
Basic Annuity Formula	Based on high 5-year-average salary: $\frac{1\ 1/2\% \text{ of high } 5 \times \text{1st } 5 \text{ yrs service}}{+ \frac{1\ 3/4\% \text{ of high } 5 \times \text{2nd } 5 \text{ yrs service}}{+ \frac{2\% \text{ of high } 5 \times \text{remaining yrs service}}{}}$	Based on high-5-year average salary: $\frac{2\% \text{ of high-5} \times \text{total years service}}{}$
Maximum Annuity	80% of high-5 salary	70% of high-5 salary
Mandatory Retirement	Age 70 with 15 years service	Career Ambassador and Career Minister or GS-18 and above: age 65 FSO Class 1 and below or GS-17 and below: age 60

COMPARISON OF PRINCIPAL PROVISIONS OF THE CIVIL SERVICE,  
FOREIGN SERVICE, AND PROPOSED CIA RETIREMENT SYSTEMS

PROVISIONS	CIVIL SERVICE	FOREIGN SERVICE & CIA
<u>Optional Retirement</u> (immediate annuity)	Age 60 - 30 years service Age 62 - 5 years service Age 55 - 30 years service-annuity is reduced by 5%	Age 50 - 20 years service (full earned annuity - not reduced)
<u>Discontinued Service - Selection Out</u>	Any age - 25 years service Age 50 - 20 years service (immediate, but annuity is reduced by 15%)	FSO Classes 1-3 or GS-14 and above: Immediate annuity at any age 5 years service (annuity not reduced) FSO Classes 4-7 or GS-13 and below: Separation pay at rate of one month's salary per year of service up to one year's salary; plus deferred annuity at age 60. Age 50 - 20 years service (full earned annuity - not reduced)
<u>Disability Retirement</u>		
Age and Service	Any age - 5 years service	Same
Minimum Annuity	Lesser of: 40% high 5-year- average salary or annuity computed by extending service to age 60.	Same
Taxability	Under Federal income tax "Sick Pay" exclusion, first \$100 per week tax exempt until optional retirement age.	Fully tax exempt. (The tax exempt provision has been temporarily dropped from the bill for CIA pending final House Ways & Means Committee action.)

COMPARISON OF PRINCIPAL PROVISIONS OF THE CIVIL SERVICE,  
FOREIGN SERVICE, AND PROPOSED CIA RETIREMENT SYSTEMS

PROVISIONS	CIVIL SERVICE	FOREIGN SERVICE & CIA
<u>Survivor Annuity to Widow</u>		
Reduction of employee's annuity	2 1/2% of first \$3,600 plus 10% of balance	2 1/2% of first \$2,400 plus 10% of balance
Amount of widow's annuity	55% of employee's basic annuity	50% of employee's basic annuity
Termination of widow's annuity	Death or remarriage	Death only
<u>Reemployment of Annuitant</u>	Annuity offset against salary	Annuity plus salary cannot exceed basic pay at time of retirement





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COMPARISON OF PERTINENT PROVISIONS OF THE CIVIL SERVICE,

FOREIGN SERVICE AND PROPOSED CIA RETIREMENT AND

ITEMS	DISABILITY SYSTEMS			
	CIVIL SERVICE RET. SYSTEM (CSR)	FOREIGN SERVICE RET. SYSTEM (FSR)	PROPOSED CIA RET. SYSTEM (CIAR)	COMMENTS
A. Coverage	Government employees generally, unless temporary, intermittent or subject to another federal retirement system.	All FSO's plus non-FSO's who have served as chiefs of mission for an aggregate period of 20 years or more; Foreign Service Staff officers and employees with 10 or more years of continuous service in the Foreign Service.	Career personnel who are designated as participants in accordance with criteria established by the Director.	Agency career personnel are currently covered by Civil Service.
B. Contributions:				
1. Compulsory	6½ percent of employee's basic salary. Agency contribution of 6½ percent of employee's basic salary.	6½ percent of employee's basic salary. Agency contribution of 6½ percent of employee's basic salary.	Same as FSR	All three systems are the same.
2. Voluntary	Maximum 10 percent of total basic salary received since Aug. 1, 1920. Payable in multiples of \$25.	Maximum of 10 percent of total basic salary received since July 1, 1939. Payable in multiples of 1 percent.	Same as FSR	CIAR and FSR are approximately same as CSR.
C. Benefits:				
1. Annuitants	Annuity of 1½ percent high-5 average years salary times 5 years. Plus 1 3/4 percent times next 5 years. Plus 2 percent times all years over 10 years of creditable service. Annuity not to exceed 80 percent of high-5 average salary.	Annuity, 2 percent high-5 average years salary times total number years creditable service not to exceed 35 years.	Same as FSR	CIAR and FSR have a 2 percent formula. CSR provides maximum 80 percent high-5 average. CIAR and FSR provides maximum 70 percent high-5 average.

ITEMS	CIVIL SERVICE RET. SYSTEM (CSR)	FOREIGN SERVICE RET. SYSTEM (FSR)	PROPOSED CIA RET. SYSTEM (CIAR)	COMMENTS
2. Penalty Reduction for Age	$\frac{1}{2}$ of 1 percent for each of the first 60 months under age 60 and $\frac{1}{6}$ of 1 percent for each addi- tional month over 60 months under age 60.	None	Same as FSR	Under CSR there is a substantial re- duction in annuity for years under age 60: 15 percent when retiring at age 50. There is no reduc- tion under CIAR or FSR.
3. Reduced Annuities	Reduced annuity with benefits to widow or widower. Correspond- ing benefits to each dependent child.	Surviving children, widowers, and dependent widowers may be included as survivor annuitants.	Same as FSR	All three systems have comparable sur- vivorship benefits.
4. Survivor Annuities: (a) married participants	Basic general formula: Widow or widower (if survivor annuity elected by retiring employee): 55 percent of all or what- ever portion of earned annuity specified as base. Annuity terminates on death or remarriage.	Basic general formula: Widow or widower (if sur- vivor annuity elected by retiring employee): 50 percent of all or whatever portion of earned annuity specified as base. Annuity terminates only on death of widow or widower.	Same as FSR	Important difference between the CSR and the CIAR and FSR is that the annuity of a surviving widow or widower terminates only in death of such survivor. CSR has a 5 percent advantage for survivor annui- ties due to 1962 amendment to CSR Act.
	Reduction for survivor annuity: Employee's annuity reduced by $2\frac{1}{2}$ percent of 1st \$3,600 of any amount specified as base for survivor bene- fits plus 10 percent of the amount over \$2,400 up to the full amount of em- ployee's annuity.	Reduction for survivor annuity: Employee's annuity reduced by $2\frac{1}{2}$ percent of 1st \$2,400 or any amount specified as base for survivor benefits plus 10 per- cent of the amount over \$2,400 up to the full amount of em- ployee's annuity.	Same as FSR	1962 amendment to the CSR Act increased from \$2,400 to \$3,600 the amount from which $2\frac{1}{2}$ percent is taken in reducing the em- ployee's annuity. This results in a \$90 annual advantage to a CSR retiree who elects a survivor annuity.

## ITEMS

4. (a) (cont'd)

CIVIL SERVICE  
RET. SYSTEM (CSR)FOREIGN SERVICE  
RET. SYSTEM (FSR)PROPOSED CIA RET.  
SYSTEM (CIAR)

## COMMENTS

Children: With a surviving wife or husband: smallest of (1) 40 percent of average salary divided by number of children; (2) \$600; or (3) \$1,800 divided by number of children.

Children: With a surviving wife or husband: smallest of (1) 40 percent of average salary divided by number of children; (2) \$600; or (3) \$1,800 divided by number of children.

Same as FSR

All three systems are the same.

With no surviving wife or husband: smallest of (1) 50 percent of average salary divided by number of children; (2) \$720; or (3) \$2,160 divided by number of children.

With no surviving wife or husband: smallest of (1) 50 percent of average salary divided by number of children; (2) \$720; or (3) \$2,160 divided by number of children.

Same as FSR

All three systems are the same.

Termination annuity: Children's annuities terminate at age 18 (or on recovery from incapacity after 18), marriage, or death. On termination of any child's annuity by death, wife or husband's annuity by death, annuities of surviving children are recomputed as though person whose annuity was terminated had not survived deceased employee.

Termination annuity: Children's annuities terminate at age 18 (or on recovery from incapacity after 18), marriage, or death. On termination of any child's annuity by death, wife or husband's annuity by death, annuities of surviving children are recomputed as though person whose annuity was terminated had not survived deceased employee.

Same as FSR

All three systems are the same.

The annuity of an unmarried child between 18 and 21 years of age who is a student pursuing a regular full-time course of study or training in residence in a high school, trade school, college, or university continues until the age of 21.

No comparable provision.

Same as FSR

Neither the CIAR nor the FSR has a provision similar to CSR. This provision was added to CSR in 1962 amendments to the CSR Act.

ITEMS	CIVIL SERVICE RET. SYSTEM (CSR)	FOREIGN SERVICE RET. SYSTEM (FSR)	PROPOSED CIA RET. SYSTEM (CIAR)	COMMENTS
(b) Unmarried participant	Any person in whom annuitant has insurable interest (if survivorship and reduced annuity elected): 55 percent of participant's reduced annuity. Retiring employee's annuity is reduced 10 to 40 percent depending on difference between his age and age of person designated to receive survivor annuity. Survivor annuity terminates on death of survivor.	Designated beneficiary: 50 percent of participant's reduced annuity. Retiring employee's annuity is reduced 10 to 40 percent depending on difference between his age and age of person designated to receive survivor annuity. Survivor's annuity terminates on death of survivor.	Same as FSR	CIAR and CSR require that designated beneficiary have an insurable interest. 1962 amendment to CSR increased survivor annuity to 55 percent. CIAR and FSR remain at 50 percent.
5. Death in Service: (a) Widow-widower	Widow or dependent widower: 55 percent of participant's earned annuity payable until death or remarriage or until widower becomes capable of self-support.	Widow or dependent widower: 50 percent of participant's earned annuity payable until death of surviving dependent widower or until dependent widower becomes capable of self-support. However, annuity is computed as if participant had 20 years of service or by projection to mandatory retirement age for his class.	Same as FSR	1962 CSR amendment increased survivor's annuity to 55 percent. CIAR and FSR remain 50 percent. CIAR and FSR provide continuation of widow's annuity until death and allows the survivor to receive annuity based on at least 20 years of service.
(b) Children	Children: With a surviving wife or husband: smallest of (1) 40 percent divided by number of children; (2) \$600; or (3) \$1,800 divided by number of children.	Children: With a surviving wife or husband: smallest of (1) 40 percent of average salary divided by number of children; (2) \$600; or (3) \$1,800 divided by number of children.	Same as FSR	All three systems are the same.

ITEMS	CIVIL SERVICE RET. SYSTEM (CSR)	FOREIGN SERVICE RET. SYSTEM (FSR)	PROPOSED CIA RET. SYSTEM (CIAR)	COMMENTS
5. (b) (cont'd)	With no surviving wife or husband: smallest of (1) 50 percent of average salary divided by number of children; (2) \$720; or (3) \$2,160 divided by the number of children.	With no surviving wife or husband: smallest of (1) 50 percent of average salary divided by number of children; (2) \$720; or (3) \$2,160 divided by the number of children.	Same as FSR	All three systems are the same.
(c) Former employee or former participant eligible for deferred annuity who dies before reaching eligibility age.	If the former employee had not received a refund after his separation from Government service, the amount he paid into the civil service retirement fund, plus any accrued interest would be payable immediately after death.	If a foreign service officer who separated from Class 4 or 5 and who has elected to receive retirement benefits dies before reaching the age of 60, his death shall be considered a death in the service.	Same as FSR except applicable to GS-12 and 13.	CIAR and FSR provide payment of "death in service" benefits.
6. Disability Retirement	After 5 years of civilian service: same as full age and service benefit. Guaranteed 40 percent of high-5 average salary or annuity projected to age 60 whichever is lesser.  Elective survivor benefits are based on employee's actual years of service credit.	After 5 years of civilian service: same as full age and service benefit. Guaranteed 40 percent of high-5 average salary or annuity projected to mandatory retirement age for retirement in his class.  Elective survivor benefits are based on service credit upon which participant's annuity was computed rather than his actual years of service credit.	Same as FSR  Same as FSR	All three systems are essentially the same.  If CIAR or FSR annuity to employee has been based on projecting service, survivor annuity is computed on that basis rather than the lesser actual service period.

ITEMS	CIVIL SERVICE RET. SYSTEM (CSR)	FOREIGN SERVICE RET. SYSTEM (FSR)	PROPOSED CIA RET. SYSTEM (CIAR)	COMMENTS
6. (cont'd)	Tax exemption: Under the Federal Income Tax "Sick pay" exclusion, up to \$100 per week of disability annuity is exempted until annuitant attains retirement age.	Tax exemption: Entire disability annuity is exempted from federal income tax.	Same as Civil Service.	FSR permits full exemption of disability annuity from federal income tax. Provision for limited exemption under CSR depends on sick pay exclusion of the Internal Revenue Code. (Tax exemption provision comparable to FSR has been temporarily dropped from CIAR proposal pending final House Ways and Means Committee action.)
7. Deferred Annuity	Deferred annuity payable at 62 if separated employee has 5 years of civilian service credit.	Deferred annuity payable at age 60 if separated employee has 5 years of civilian service credit.	Same as FSR	CIAR and FSR deferred annuity begins two years earlier than CSR deferred annuity.
8. Voluntary Retirement without reduction in annuity.	At age 60 with 30 years of service or at 62 with 5 years service.	At age 50 with 20 years of service.	Same as FSR but must have 5 years of Agency service.	CIAR and FSR permit voluntary retirement without reduction in annuity 10 years earlier than CSR.

ITEMS	CIVIL SERVICE RET. SYSTEM (CSR)	FOREIGN SERVICE RET. SYSTEM (FSR)	PROPOSED CIA RET. SYSTEM (CIAR)	COMMENTS
9. Selection Out/ Discontinued Service Retirement.	A. Immediate annuity upon involuntary separation if employee meets either of the following requirements: (1) attainment of age 50 and completion of 20 years of creditable service including 5 years of civilian service. (2) Regardless of age if employee has completed 25 years of creditable service, including 5 years of civilian service. B. At employee's option, refund of contributions or deferred annuity if does not meet the above requirements.	A. Classes 1,2, or 3: retirement on annuity computed on regular 2 percent formula. Age no factor. B. Classes 4,5,6, or 7: (1) separation payment of 1/12 of a year's salary rate for each year of service and proportionately for a fraction of a year, but not exceeding a total of one year's salary payable without interest in lump sum or three equal installments; (2) plus refund of contributions or deferred annuity. An immediate annuity if age 50 with 20 years service.	Same as FSR except applicable to GS grades comparable to FS classes indicated. FS classes 1 through 3 compare to GS-14 and above; FS classes 4 through 7 compare to GS-13 and below. CIAR requires GS-14 or above to have at least 10 years of Agency service including at least 5 years of qualifying service.	FSR and CIAR authorize immediate annuity regardless of age for FS classes 1-3 and GS grades 14 and above. FSR and CIAR also provide for "separation compensation" in FS 4 through 7 or GS-13 and below.
10. Disposition of Contributions in Excess of Benefits Received.	If deceased individual's contributions are not returned in the form of annuity (to individual or his survivors), the unreturned contributions must be paid to a designated beneficiary; or in order of precedence to widow, children, parents, etc.	If deceased individual's contributions are not returned in the form of annuity (to individual or his survivors), the unreturned contributions must be paid to a designated beneficiary; or in order of precedence to widow, children, parents, etc.	Same as FSR	All three systems are the same.
D. Creditable Service: 1. Leave Without Pay	Includes leave of absence without pay granted during covered employment while performing active honorable military service: Includes leave of absence without pay granted during covered employment while receiving FEC benefits.	Includes leave of absence without pay granted during covered employment while performing active honorable military service: Includes leave of absence granted during covered employment while receiving FEC benefits.	Same as FSR Same as FSR	All three systems are the same. All three systems are the same



ITEMS	CIVIL SERVICE RET. SYSTEM (CSR)	FOREIGN SERVICE RET. SYSTEM (FSR)	PROPOSED CIA RET. SYSTEM (CIAR)	COMMENTS
2. District of Columbia Employment	Includes civilian employment with District of Columbia Government.	Includes civilian employment with District of Columbia Government.	Same as FSR	All three systems are the same.
3. Transfer of Funds	No provision	Provides for direct transfer to FSR fund of all regular contributions (with interest) made by officer or employee to other Government retirement system under which previously covered. Funds transfer discharges other system of all benefit obligations based on service involved.	Same as FSR	CIAR and FSR permit direct transfer of funds from CSR upon becoming a participant.
E. Reemployment of Annuitants	<p>If retirement is based on involuntary separation (except for age retirement) which was not due to any fault of his own, when reemployed the person's annuity will be either discontinued or withheld from salary.</p> <p>(1) If the reemployment is subject to the retirement act, his annuity will be discontinued from the date he is reemployed and his future retirement rights will depend on the law in effect at the time he is separated from the reemployment.</p>	<p>A reemployed annuitant may receive the salary of the position to which he is appointed plus so much of his annuity, which when combined with the salary does not exceed the salary which such person was entitled to receive in the Foreign Service on the date of his retirement. Such reemployment does not affect the annuity earned under the Foreign Service retirement and disability system, if during the period of reemployment he is employed under another Federal retirement system; he will contribute to the other system, and it is possible to qualify for benefits under the other system.</p>	Same as FSR	CIAR and FSR provides for potential higher combined income for their reemployed annuitants.

ITEMS	CIVIL SERVICE RET. SYSTEM (CSR)	FOREIGN SERVICE RET. SYSTEM (FSR)	PROPOSED CIA RET. SYSTEM (CIAR)	COMMENTS
E. (cont'd)	<p>(2) If the reemployment is not subject to the retirement act, his annuity payments will continue without interruption but his salary during reemployment will be reduced by the amount of annuity he receives. If -</p> <ul style="list-style-type: none"> <li>(a) the annuitant's retirement was based on a voluntary separation or on an involuntary separation for cause,</li> <li>(b) the annuitant was retired for age,</li> <li>(c) he was a disability annuitant reemployed after reaching age 60, or</li> <li>(d) he was a disability annuitant found recovered or restored to earning capacity and temporarily reemployed before reaching age 60,</li> </ul> <p>his annuity will continue but his salary during reemployment will be reduced by the amount of annuity he receives. If this reemployment was of a year or more duration the reemployed annuitant would be eligible for a supplemental annuity. (Reemployment service under another retirement system for Federal or District of Columbia Government employees and service in a few particular positions - the President and certain U.S. Judges - is not qualified for this purpose.)</p>			

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**CENTRAL INTELLIGENCE AGENCY RETIREMENT ACT  
OF 1963 FOR CERTAIN EMPLOYEES  
EXPLANATION AND JUSTIFICATION**

**PURPOSE OF PROPOSED BILL**

**1. Improved Retirement System**

The proposed bill permits the Agency to improve its retirement program by authorizing the establishment of a retirement system corresponding to that of the Foreign Service. The Central Intelligence Agency needs to attract and retain a force of highly motivated careerists who are intensively trained in unique skills. However, the Agency is unable in fact to provide full-term careers for many individual officers. In order to minimize the adverse effects of necessary programs of managed attrition and to preserve its ability to recruit and retain the high-caliber personnel it needs, the Agency must make reasonable provision for the futures of those individuals who must be separated before completing a full-term career of thirty or so years. Therefore, the proposed bill establishes for a limited number of Agency employees a retirement and disability system corresponding to that established for persons serving in the Foreign Service of the Department of State.

**PROPOSED RETIREMENT SYSTEM**

**2. Need for a Separate Retirement System for Certain Employees**

**a. Summary**

All regular employees of the Central Intelligence Agency are at present covered by the provisions of the Civil Service Retirement Act. Such coverage is appropriate for those whose conditions, obligations, and terms of service are comparable to those of federal employees generally. However, the Agency has a serious problem in its need to make more adequate provision for certain of its employees who should be retired at an earlier age and with a more equitable annuity than can be provided under the Civil Service Retirement Act. This need stems from the fact that the Agency cannot provide to or expect from many individuals in its service a full-term working career of thirty or so years.

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ADMINISTRATION OF PROPOSED CIA RETIREMENT AND DISABILITY SYSTEM

1. Standards of eligibility.

a. The proposed CIA Retirement and Disability System is designed to provide appropriate retirement, discontinued service, disability and death benefits to employees whose duties are (1) in support of Agency activities abroad hazardous to life or health or (2) so specialized because of security requirements as to be clearly distinguishable from normal government employment.

b. In order to reserve the benefits of participation in the proposed retirement system to those employees for whom it has been designed, an employee's designation as a Participant in the system will be contingent upon an initial determination and periodic reaffirmation that his career with the Agency requires him to perform qualifying service.

2. Selection of participants.

a. Staff personnel will be covered by the Civil Service Retirement Act upon initial appointment to the Agency. In order to permit the participation of an eligible employee in the CIA Retirement and Disability System at the earliest practicable time in his career with the Agency, the initial designation of an employee as a Participant in the system will be based upon his meeting each of the following requirements:

(1) He has been selected for Career Employee status as defined in Agency regulations;

(2) He has formally undertaken an obligation to serve anywhere and at any time according to the needs of the Agency;

(3) His career field of specialization is determined by the Head of his Career Service (a) to be in the conduct or support of intelligence activities in foreign countries or the covert support in the United States of such operations under comparable conditions; or (b) to require the performance of duties which are so specialized or circumscribed by security restrictions that he would be placed at a special disadvantage if required to acquire and utilize major vocational skills which are unique to intelligence work or may perform general duties under conditions of cover and security prohibiting them from informing prospective employers of the nature, scope, and level of their work experience.

(4) He either has performed or is under official orders to perform duties (a) in support of Agency activities abroad hazardous to life or health or (b) so specialized because of security requirements as to be clearly distinguishable from normal government employment.

b. In order to avoid the continued participation in the proposed CIA Retirement and Disability System of an employee whose career subsequent to his initial designation as a Participant does not meet the service conditions described above, there shall be reviews at intervals of not more than 5 years

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of the past and prospective career of each Participant to reaffirm his continued eligibility for participation. Such reviews shall require determination by the Head of his Career Service that his career continues to be primarily oriented to qualifying service. They shall ensure that he is in fact performing reasonable periods of qualifying service so that he will be able to meet the requirements for retirement under this system. If an affirmative finding of continued eligibility as a Participant cannot be made, the employee would be removed from coverage under the proposed CIA Retirement and Disability System and be placed under the civil service retirement system or under social security as appropriate.

### 3. Delegations of authority.

Principal responsibility for the administration of the proposed CIA Retirement and Disability System will be vested in the Director of Personnel. However, there will be established a Retirement Board, comprised of senior officials representing the major components of the Agency, to assist and advise the Director of Personnel in the development and formulation of policies governing the administration of the System and to review and recommend action on all proposed retirements. It is intended that the Board will consider each application for voluntary retirement or for disability retirement and each recommendation for involuntary retirement. The Board will also have advisors representing the General Counsel, the Director of Security, the Chief, Medical Staff, and the Chief, Central Cover Division to render advice in their respective technical fields as required. The Director of Personnel will serve as the permanent chairman of the Board.

### 4. Appeals.

Employee appeals may be made through normal administrative procedures.

### 5. Rules and regulations.

Specific rules and regulations for selection of participants, record-keeping, and adjudication of applications for retirement will be required. The regulations promulgated under the Foreign Service Retirement and Disability System have been carefully examined and it is intended to draw heavily on these in establishing Agency procedures.

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